

IN SENATE OF THE UNITED STATES.

FEBRUARY 20, 1829.

Read, and ordered that in addition to the usual number 1000 copies be printed.

MR. SMITH, OF MARYLAND, MADE THE FOLLOWING REPORT:

The Committee on Finance, to which was referred, on the 12th day of January, 1829, the following resolutions:

Resolved, That the 5th section of the Sinking Fund act, of 1817, ought to be so amended as to authorize the Commissioners of that Fund to make purchases of the Public Debt, at its current market price, whenever, in their opinion, such purchases can be made beneficially for the interests of the United States, and consistently with existing engagements.

2. That the 4th section of the same act, which authorizes a retention of two millions of surplus revenue in the Treasury, ought to be repealed, and that the first section of the Sinking Fund act of 1790, which directs the whole of the surplus money in the Treasury to be applied to the payment of the Public Debt, ought to be revived and continued in force.

3. That the Bank of the United States ought to be required to make a compensation to the people of the United States, for the use of the balances of public money on its hands.

4. That a public debt is a public burthen; and that the present debt of the United States is a burthen upon the people of the United States, to the amount of more than fifteen millions of dollars per annum, from which they ought to be relieved as soon as possible, and may be relieved in four years by a "*timely*" and "*judicious*" application of the means within the power of Congress.

5. That an abolition of duties, to the amount of the ten millions of dollars, now annually levied on account of the Public Debt, ought to be made as soon as that debt is paid, and may be made, according to the present indications of the revenue, without diminishing the protection due to any branch of domestic manufactures, and with manifest advantage to the agriculture and commerce of the country.

REPORT:

That the first resolution contemplates authorizing "the Commissioners of the Sinking Fund, to purchase the public debt, *at its current market price*, when purchases can be made beneficial to the interests of the United States, and consistently with existing engagements."

The granting of such authority must be predicated on the idea, that there will be in the Treasury, surplus funds *inapplicable* to any of the debt of the United States, and therefore an authority to purchase is *the only mode* by which the public money can be applied to the payment of the debt.

In order to ascertain whether that was the fact, the committee applied to the Secretary of the Treasury for information, and have received two documents, which they submit as part of their report; that marked A, gives a view of the debt, (excluding the Bank debt and 3 per cents.) and the man-

ner of its redemption. By which it is clearly shown, *not admitting a doubt*, that there are of debts, *redeemable at pleasure*, which with the interest payable, will be *amply* sufficient until the 1st July, 1832, to absorb the whole of the ten millions of dollars per annum, vested by law in the Commissioners of the Sinking Fund, to enable them to pay the principal and interest of the public debt, *or a larger amount if required*, without the necessity of purchase at prices above par or real value. The same document also shows, that of the ten millions payable in 1832, there will be about a million of dollars inapplicable on the 1st January, 1833, to any debt, without the *consent* of the *holders* of the stock; that sum, it is believed by the committee, will be relinquished at par by the Bank of the United States, from stock that it holds redeemable at pleasure on the 31st December, 1834. It is so believed, because it is its disposition and real interest. So that there cannot be a doubt, that there is of debt redeemable, and interest payable, sufficient, in every view of the subject, to make a recourse to a purchase, *wholly unnecessary and inexpedient*. It may not be improper for the committee to present the actual prices of the several stocks, that the Senate may be enabled to judge of the propriety of vesting the extraordinary power to purchase "*at the current market price*," to wit: Six per cents. of 1814, half per cent. above par; same of 1815, two and a half per cent. above par. Those will all be extinguished in 1829 and 1830. Five per cents. of 1820, 3 to 4 per cent. above par; and will be paid off in 1831. Same of 1821, from 4 to 5 per cent. above par. Four and a half per cents. at par. It is proper that the Senate should be informed that there will not be sufficient of debt redeemable on the 1st July, 1831, to meet the interest and five millions principal *usually paid* on that day. But the Committee rely with confidence, that the bank will relinquish as much as may be required from stock that it holds, and which is redeemable on the 31st of December of that year. A friendly disposition towards the government will be the ruling motive.

The Committee can perceive no cause that should induce the Senate to authorize the purchase of their own stock at the prices quoted, when they will be paid regularly at their real and par value, without the loss of a cent to the nation in any way whatever.

Since the above was written, the Committee have received a letter from the President of the bank, which is submitted as part of their report, and which fully verifies their expectation, to wit: "That the bank will give every facility in its power to accommodate the Commissioners in their extinguishment of the debt of the United States," and in the precise manner mentioned in the first paragraph of this report.

The document B, gives a statement of the whole debt (including the 3 per cents. and bank debt,) and shows the manner in which the whole may be extinguished.

Although it may be desirable to purchase the three per cents. yet as it has been shown that there will be no money in the Treasury until the year 1833, which can be applied thereto, without diverting it from the payment of stocks bearing a higher interest, the Committee are of opinion that it would not be expedient or useful, to give *at this time* the authority to purchase.

The second resolution proposes "the repeal of the 4th section of the Sinking Fund act, that the surplus of two millions authorized should not be retained, and that no surplus for unforeseen exigencies should remain in the Treasury."

It is true that the act of 1790 directed that the whole surplus in the Treasury, at the end of the year, should be applied to the payment of the debt. It is believed that no inquiry was ever made, to know whether there had been a strict compliance with that act. It is known that, for many years, the means of the Treasury were not abundant. When the Sinking Fund act of 1817 passed, *it was known* that the Secretary of the Treasury did retain a surplus of a million, at the end of the year, to meet extraordinary occurrences, although the law directed "that all the surplus money should be applied to the payment of the debt." It is highly probable that little respect was ever paid to that part of the law; for Mr. Gallatin distinctly says, in his report for 1801, the first made by him, "the excess of specie in the Treasury, *beyond the sum which it is prudent to keep there*, may be estimated at about one million of dollars." Again, in his report for 1804, he says: "As the greatest part of those demands will be paid in the course of the year 1805, the balance will not, probably, at the end of that year, exceed the sum which *it is always expedient to retain in the Treasury.*"

The fact is, that prior to the year 1807, the Treasury did, from usage, conceive it had a right to keep a surplus of a million for extraordinary and unforeseen occurrences. It was thought more proper to give a legal right to retain a certain amount of surplus in the Treasury, than to leave it at the discretion of the Secretary. Two millions were, therefore, by the act of 1817, authorized as the proper amount to be retained; but the Commissioners of the Sinking Fund have, it appears, considered it discretionary, whether a surplus to that amount should be retained. The report at the last session, from the Treasury, accompanying the report of the Committee on Finance, showed that the surplus retained, (in years when there was debt redeemable,) never amounted to two millions. On the 1st January, 1827, the surplus amounted only to the sum of \$ 1,064,510; and on the same day, in 1828, to \$ 1,027,994; and, by the last report, it amounted only to \$ 675,000, on the 1st day of January last. The truth is, that it is almost impossible for the Commissioners to ascertain the precise sum that will be in the Treasury at the end of the year. What says the 4th section? "That whenever there shall be, at any time after the adjournment of Congress, in any year, a surplus of money in the Treasury, above the sum appropriated for the service of such year, the payment of which, the Commissioners will yet have in the Treasury, at the end of the year, a balance equal to two millions of dollars; then such surplus shall be appropriated to the Sinking Fund, to be paid at such time as will best suit the Treasury, and shall be applied by the Commissioners thereof to the purchase or redemption of the Public Debt."

By an examination of the Sinking Fund act, it will be seen that the application of any moneys under that act, (over and above what may be necessary to meet any demands for principal and interest actually due under engagements of the United States,) is to be made at such times as the state of the Treasury will best admit.

It is therefore usual for the Secretary of the Treasury, whenever, in his opinion, the state of the Treasury will admit of such application, to make the same known to the Commissioners of the Sinking Fund. In forming this opinion, the Secretary takes into view not only the actual condition of the Treasury, but its probable condition at the close of the year, and the probable means and demands of the ensuing three months; so as to estimate how much may probably be applied within the year, and how much at the ter-

mination of such an interval as may be necessary to give notice to the holders of the stock to be redeemed; which interval is usually about three months. The Secretary having made known to the Commissioners the sum that can be applied, the Commissioners direct its application, and the Secretary gives notice accordingly.

By referring to the various Treasury reports, and particularly that of the 24th of March, 1828, to the Chairman of the Committee of Finance of the Senate, it will be seen, that, in forming the estimate above referred to by the Secretary, and in directing the application of moneys to the debt, it has not been deemed necessary to retain a surplus of two millions over and above the amount of the unsatisfied appropriations, whenever the retaining of such surplus would interfere with the application of the ten millions. On the contrary, it appears that sometimes not enough is retained even to meet those appropriations. The conduct of the Treasury in this respect is doubtless regulated by the prospects of the Treasury, and occasionally, perhaps, by the desire to pay off a particular portion of the debt, rather larger than the amount that would otherwise have been applied. It seems to have been the opinion of the Treasury that the obligation to retain two millions exists only where an amount is to be applied greater than what would be applicable under the annual appropriation of ten millions; or, in other words, that it refers only to the operation of the 4th section of the Sinking Fund act.

It may be observed that the application of moneys under the Sinking Fund act may be classed under three heads:

1. To the payment of interest, and such portions of the principal as may be demandable. Those payments are to be made *at such times as they may be due.*

2. To the payment or purchase of the principal of the debt, by the application of so much of the annual appropriation of ten millions, as may remain after the payments alluded to under the first head. The payments under this second head are to be made *at such times as the state of the Treasury will best admit.*

3. To the payment or purchase of principal, by the application of *any surplus over two millions, after providing for the appropriations for the public service which remain to be satisfied.* The payments under this head are also to be made *at such times as the state of the Treasury will best admit.*

In fine—the Committee believe that the law has operated safely and well, and that a change is wholly unnecessary; a change might operate injuriously, and could result in no positive good.

The third resolution is in the following words:

“That the bank ought to be required to make a compensation to the people of the United States, for the use of the balance of public money in its hands.”

On this subject the Committee of Finance submitted a particular and detailed statement at the last session, to which they refer, and make part of the present report. It may, however, be proper to take a further view of the subject.

The Committee repeat their opinion, that the charter gives to the bank the use of the public deposits, without any other remuneration *than such as are distinctly authorized in that instrument*; that the exaction of any other, would, in the opinion of the Committee, be a direct violation of the charter. The 16th section says, distinctly, “That the deposits of the mo-

ney of the United States shall be made in the bank of the United States, and its branches." This is positive, and cannot be misunderstood. The 20th section says, "That, in consideration of the exclusive privileges and *benefits* conferred by this act upon the said bank, the President, Directors, and Company thereof, shall pay to the United States one million five hundred thousand dollars in three equal payments." The banks were to pay, and have paid the million and a half of dollars, for what? For the exclusive privileges and *benefits* conferred by the act. What are the benefits? The Committee can perceive *none*, except the deposits, for which this bank has actually paid already, and cannot, in the opinion of the Committee, be called on for a further compensation, without an evident violation of their chartered rights.

The 16th section enacts, "That the deposits of the money of the United States shall be made in the bank and its branches, unless the Secretary of the Treasury shall, at any time, otherwise order or direct; in which case, he shall lay before Congress the reason of such order or direction." It is *admitted*, that the first branch of the section is conclusive, as to the right of the bank to the deposits, without charge to it; but it is argued that the second part qualifies that right, and that the authority given to the Secretary to withdraw the deposits, gives him power to do so in case the bank should refuse to give further compensation for the use of those deposits. If that had been the object, the words would have been, in the opinion of the Committee, *explicit*, as to a point *so very material*. The Committee see in the power given to the Secretary, a discreet precaution, and the words they believe convey *only* the idea, "that if, at any time, the Secretary shall be of opinion, that there will be a danger of loss to the United States, by its money remaining in the vaults of the bank, he may remove it for safety, and report his reasons to Congress." No other construction can, in the opinion of the Committee, be given to that part of the 16th section. The power to withdraw the funds by the Secretary, has never been deemed necessary; and it may well be doubted whether Congress can interfere, in any way, until he shall act under the power. The idea that Congress have given, *by inference*, to the Secretary of the Treasury, a power to exact money from the bank, by a threat of withdrawing the deposits, cannot be entertained by the Committee.

In 1808, the Parliament of Great Britain made a claim on the bank of England, for remuneration for the deposits, which at that time were very great—ten million pounds sterling. The Chancellor of the Exchequer agreed with the Board, that it should pay a round sum of £ 500,000, or \$ 2,220,000, and should lend, free of interest, the sum of three million of pounds sterling, or \$ 13,333,333 $\frac{33}{4}$, in exchequer bills, payable six months after the expiration of the war, which probably ceased in 1815; *since which period, no compensation whatever has been given by the bank for the use of the deposits*. The Committee presume that the case stated of the bank of England, was well known to Mr. Secretary Dallas, who drafted the charter of the bank of the United States, in 1817; and, with a view of preventing all discussion on the subject, during the continuance of its charter, he did stipulate that the bank should pay the sum already mentioned, of a million and a half of dollars, for the use of the deposits; a sum greatly higher, in proportion, than that paid by the bank of England, comparing the immense deposits of the latter with those in the bank of the United States.

The bank of England is paid by government for services which it ren-

ders; which circumstance was, no doubt, also known when the charter was granted in 1817, and is carefully provided against in the charter. The bank of England does not pay the pensioners. That service is rendered at a great expense, by the several Departments. That duty is performed at a heavy expense, by the bank of the United States, without any cost to the government, and with risks to itself. The last year twenty thousand dollars was remitted to a cashier to pay the pensions; he failed, and the money was the loss of the bank, not that of the government.

The money received from the several parts of Great Britain, is transported *at the expense and risk of government*, to the bank. The United States' bank is compelled, by its charter, to transport the money received in any part of the United States, to any other point where it may be wanted, at its own risk and expense, and free of charge from loss of exchange.

The bank of the United States is bound to pay the interest on the debt, and the principal, (when ordered by the Commissioners) without any charge whatever to the government. This duty, and that of paying the pensioners, involve the bank in a cost, annually, of fifty thousand dollars, as stated by the President of the bank: there is also no little risk from frauds. The bank lost \$3,000 by a fraud committed on it the last year, in paying the debt, or interest thereon, and are prosecuted for another to the amount of \$5,000. The parties who had fraudulently received the money, have failed, and the loss is to the bank, which would have been to the government, if Commissioners of Loans, (as formerly) had transacted that service. The bank of England is intrusted with what is called the management of the debt; for that service, it is paid £340 per million, on 600 million, and £300 per million, on £171,290,517; making, together, the sum of £255,387 per annum, or \$1,133,918. The bank of England is also allowed for minor services, making a sum total of £263,736 sterling, for one year, or \$1,170,987, which the government of Great Britain pays to the bank for services; while the bank of the United States is bound by its charter to perform similar services for the United States, without *any charge* whatever to the government, and at its own risk in making payments. It would appear to be reasonable that some allowance should be made; for the bank of the United States, *with its eagle eye*, has not (as shown) been able to avoid frauds. The bank of England sustained a loss of £200,000 sterling, in its management of the debt, by the fraud committed on it by Fauntleroy alone.

The 4th resolution says—that a public debt is a public burthen: this is fully admitted by the Committee, as a self-evident proposition. It proceeds—that the present debt is a burthen on the people of the United States to the amount of fifteen millions per annum, from which they may be relieved in four years, by a timely and judicious application of the means within the power of Congress.

The Committee have no document which they can submit, to show that the ten millions per annum paid towards the redemption of the public debt, and its interest, imposes a burthen of fifteen millions on the people. Whatever it may be, it results out of the mode of raising the revenue by imposts; and cannot be avoided in any other way than a repeal of certain duties, to take place whenever the debt shall be paid off.

The 5th resolution recommends the abolition of duties which do not interfere with the manufactures of the country, to be made as soon as the debt is paid off, to the annual amount of ten millions of dollars.

The Committee are of opinion that it will be proper to abolish certain

duties whenever the debt shall be paid off, or nearly so; that timely notice of such repeal should be given to those engaged in commercial pursuits, so that they may sustain as little injury as the nature of the case will admit: but to what amount the Committee are not at this time prepared to say, nor at what time the repeal shall take place. The Committee offer, as their opinion, that, in all probability, the debt will be paid off, except an unimportant amount, (the three per cents. and bank debt always excepted,) in all the year 1832; and that some time in that year, (if no unforeseen circumstance shall occur,) a repeal of some of the duties would be expedient and proper. But they believe that the whole subject can be acted on more advisedly at the next session, when the Senate will be better informed of the probable effect on the revenue, resulting from the late tariff. They therefore submit—

That it is inexpedient to act on any of the resolutions submitted to the Committee, at the present session.

A.

*STATEMENT of the Debt of the United States, commencing on the
1st January, 1829.*

		Balance of the \$ 10,000,000 appropriation inapplicable.
Total of the debt,	\$ 58,362,135 78	
Deduct debt to the bank,	7,000,000 00	
	51,362,135 78	
Deduct 3 per cents.,	13,296,249 45	
	38,065,886 33	
<i>Redeemable in 1829 and 1830.</i>		
6 per cents.,	16,279,822 02	
5 per cents.,	18,901 59	
4½ per cents.,	1,539,336 16	
Interest on the whole debt for 1829,	2,585,009 69	
Do do 1830,	2,140,110 29	
Total payable in 1829 and 1830,	22,563,179 75	
Due the Commis'srs of the Sinking Fund for those 2 years,	20,000,000 00	
Redeemable in 1831,	2,563,179 75	
5 per cents.,	37,803 18	
Do	999,999 13	
4½ per cents.,	10,000,000 00	
Interest for 1831,	1,752,842 52	
Total payable in 1831,	15,353,824 58	
Due the Commissioners of the Sinking Fund for that year,	10,000,000 00	
Redeemable in 1832,	5,353,824 58	
4½ per cents.,	2,227,363 98	
Interest for 1832,	1,314,591 22	
Total payable in 1832,	8,895,779 78	
Due the Commissioners of the Sinking Fund for that year,	10,000,000 00	\$ 1,104,220 22
Redeemable in 1833:		
4½ per cents.,	2,227,363 98	
Interest for 1833,	1,085,937 73	
Total payable in 1833,	3,313,301 71	
Due the Commissioners of the Sinking Fund for that year,	10,000,000 00	6,686,698 29
Redeemable in 1834:		
5 per cents.,	4,735,296 30	
Interest for 1834,	985,652 29	
Total payable in 1834,	5,720,948 59	
Due the Commissioners of the Sinking Fund for that year,	10,000,000 00	4,279,051 41
		\$ 12,069,969 92

The foregoing statement is predicated upon payments being made by the Commissioners of the Sinking Fund, during the last quarter of each year, towards the reimbursement of stock which will become redeemable on the 1st day of January, of each succeeding year, as has been the fact heretofore.

TREASURY DEPARTMENT, REGISTER'S OFFICE, *January 13th, 1829.*

JOSEPH NOURSE, *Register.*

B.

STATEMENT showing the manner in which the whole Debt of the United States may be discharged, by the application of the present annual appropriation of \$10,000,000; the several Stocks to be paid as they become reimbursable, giving preference to those of the highest rate of interest; and when no other Stock is reimbursable, payments to be applied, first, to the five per cent. subscription to the Bank of the United States, and next to the three per cent. Stock; predicated also upon the payment of \$5,000,000 principal, on the first July of each year, and upon a further payment of principal at the close of each year, to the amount that the appropriation will admit of, after providing for the quarterly payments of interest.

Years.	Stocks to be reimbursed.	Amount of stock, as it may be paid.	Total principal to be paid each year.	Interest for each year.	Total payment required for the discharge of the whole debt.
1829	6 per cent., payable 1st July, - - - - - do do 31st December, - - - - -	\$ 5,000,000 00 2,414,990 31	\$ 7,414,990 31	\$ 2,585,009 69	\$ 10,000,000 00
1830	6 per cent., payable 1st July, - - - - - do do 31st December, - - - - -	5,000,000 00 2,859,889 71			
1831	6 per cent., payable 1st July, - - - - - 5 per cent., do do - - - - - 4½ per cent., do do - - - - - 5 per cent., Bank of the United States, payable 1st July, -	1,004,942 00 37,803 18 1,539,336 16 2,417,918 66	7,859,889 71	2,140,110 29	10,000,000 00
	4½ per cent., payable 31st December, - - - - -	5,000,000 00			
	5 per cent., do do - - - - -	2,228,758 71			
	do do do - - - - -	999,999 13			
	do do do - - - - -	18,901 59			
1832	4½ per cent., payable 1st July, - - - - - do do do - - - - -	5,000,000 00 3,700,274 93	8,307,659 43	1,692,340 57	10,000,000 00
1833	4½ per cent., payable 1st July, - - - - - 5 per cent., Bank of the United States, payable 1st July, -	1,298,330 33 3,701,669 67	8,700,274 93	1,299,725 07	10,000,000 00

STATEMENT B.—Continued.

Years.	Stocks to be reimbursed.	Amount of stock, as it may be paid.	Total principal to be paid each year.	Interest for each year.	Total payment required for the discharge of the whole debt.
1833	4½ per cent., payable 31st December, - - - 5 per cent., Bank of the United States, payable 31st Dec., - - - 3 per cent., payable 31st December, - - -	\$ 5,000,000 00 2,227,363 98 820,411 67 1,053,265 79	\$ 9,101,041 44	\$ 898,958 56	\$ 10,000,000 00
1834	3 per cent., payable 1st July, - - - 5 per cent., payable 31st December, - - -	5,000,000 00 4,481,847 27	9,481,847 27	518,152 73	10,000,000 00
1835	5 per cent., payable 1st July, - - - 3 per cent., payable 1st July, - - -	253,449 03 4,746,550 97			
	3 per cent., payable 31st December, - - -	5,000,000 00 2,496,432 69	7,496,432 69	152,427 43	7,648,860 12
	Total required to pay the principal and interest of the debt, to 31st December, 1835, - - -		\$ 58,362,135 78	\$ 9,286,724 34	\$ 67,648,860 12

BANK OF THE UNITED STATES, *January 30, 1829.*

DEAR SIR: I had, yesterday, the honor of receiving your letter of the 27th instant, in which you state, that in July, 1831, the government will probably not find enough of the public debt then reimbursable, to employ the whole of the five millions, applicable at that time, to the redemption of the public debt; and you inquire whether, in that event, the Bank would supply the deficiency out of the stock which it owns, not reimbursable until the close of that year. You further inquire, whether the Bank would make a similar arrangement, at the close of the year 1832, by giving up, of its stock irredeemable before the end of the year 1834, a sufficient amount to complete the five millions which the government will then wish to redeem.

I have this morning submitted the subject to the Board of Directors, who have unanimously instructed me to reply, that although, as you are perfectly aware, these investments are objects of great interest to the Bank, yet such is the desire of the Board of Directors, to facilitate, by every exertion within their power, the financial operations of the government, that if, at either or both of the periods mentioned, the Commissioners of the Sinking Fund wish to pay off five millions of the public debt, and cannot procure the whole amount elsewhere, the Bank will supply the deficiency in the manner you propose, so far as the stock which it may then own will enable it to do so.

I have the honor to be,

Very respectfully, yours,

N. BIDDLE, *President.*

Honorable Gen. SAMUEL SMITH, *Senate of the
United States, Washington, D. C.*

TREASURY DEPARTMENT, *March 21st, 1828.*

SIR: In obedience to a resolution of the Senate, of the 12th instant, "directing the Secretary of the Treasury to report to the Senate the average annual amount of public moneys in the Bank of the United States and its branches, from the years 1817 to 1827, inclusive," I have the honor to submit a communication of the Treasurer of the United States, which contains the information required.

I have the honor to be, very respectfully,

Your obedient servant,

RICHARD RUSH.

The Hon. the PRESIDENT of the Senate.

TREASURER'S OFFICE, *March 20th, 1828.*

SIR: I have the honor, in compliance with your reference to this office, of the resolution of the Senate, of the 12th instant, to report, that the average annual amount of public money in the Bank of the United States and its branches, from 1817 to 1827, inclusive, as ascertained by the accounts settled quarterly at the Treasury, was \$3,554,756 50.

I have the honor to be, Sir,

With great respect, your ob't servant,

MICHAEL NOURSE,

Acting Treasurer U. S.

Hon. RICHARD RUSH,
Secretary of the Treasury.

REPORT.

That the Committee deemed it proper to call on the Secretary of the Treasury, for a more specified view of the subject, and have received from him the document A, which is herewith submitted.

That document shows that the average deposits of the Treasury, in the bank of the United States, from 1819 to 1827, inclusive, amounts to the sum of \$2,633,584; and on which, it may be supposed that the bank might, with propriety, operate, as if it were so much of capital, this being believed to be the calculation of banks, generally, in their operations.

It may be presumed that the report has been referred to the Committee on Finance, that they might consider whether any legislative act could be bottomed thereon. For a full understanding of the subject, the Committee submit the 15th, 16th, and 20th sections of the "act to incorporate the Bank of the United States," being the sections most applicable to the subject before them.

"Sec. 15. *And be it further enacted*, That, during the continuance of this act, and whenever required by the Secretary of the Treasury, the said corporation shall give the necessary facilities for transferring the public funds, from place to place, within the United States, or the Territories thereof, and for distributing the same in payment of the public creditors, without charging commissions, or claiming allowance, on account of difference of exchange; and shall also do and perform the several and respective duties of the Commissioners of Loans for the several States, or of any one or more of them, whenever required by law.

"Sec. 16. *And be it further enacted*, That the deposits of the money of the United States, in places in which the said bank and branches thereof may be established, shall be made in said bank or branches thereof, unless the Secretary of the Treasury shall at any time otherwise order and direct; in which case the Secretary of the Treasury shall immediately lay before Congress, if in session, and if not, immediately after the commencement of the next session, the reasons of such order or direction."

"Sec. 20. *And be it further enacted*, That, in consideration of the exclusive privileges and benefits conferred by this act upon the said bank, the President, Directors, and Company thereof, shall pay to the United States, out of the corporate funds thereof, the sum of one million and five hundred thousand dollars, in three equal payments: that is to say, five hundred thousand dollars at the expiration of two years; five hundred thousand dollars at the expiration of three years; and five hundred thousand dollars at the expiration of four years, after the said bank shall be organized and commence its operations in the manner hereinbefore provided."

The 16th section directs, "that the deposits of the money of the United States shall be made in the bank and its branches." No change can be made therein, without a direct violation of the charter, which the faith of the nation is bound to sustain. No view of that kind could be contemplated by any person, and none, it is presumed, has been contemplated. There was no obligation of deposit in the charter of the old bank, but Congress thought proper to direct, by law, that the Custom-house bonds should be deposited in it and its branches, being more secure in every point of view, especially as a check on the Collectors of the Customs, who, prior to that act, had all the receipts at their disposal, and who might have been tempted to lend the public money to their friends, by which, and incorrect conduct in some of them, much of the public money might have been lost.

The 15th section compels the Bank to transfer the money received in any one part of the United States to any other, without charge of commission, or allowance for any difference of exchange that may exist between the different parts of the Union, and to perform the duties of Commissioners of Loans in the several States and Territories, without any charge or allowance therefor. The transfer of the money of the United States by the Treasury, from one part to another, would be attended with great risk and some expense. In the transfer, time is lost on a part, so that so much thereof, thus passing and repassing, cannot be considered by the Bank as that kind of deposit on which it could with safety operate as a fund, to justify discounts thereon. It may, and probably does, lessen the operative deposits at least half a million of dollars annually; for the Bank could not extend their discounts on money in transitu, as if it were actually in their vaults. The Bank is bound to draw the money of the United States from any one part of the Union to any other, without any allowance for loss of exchange. This, it is presumed, is a considerable saving to the United States in the exchange, and a security against the risk of transport and fraudulent agents. For example: there is collected annually in New Orleans, of public money, an amount probably not wanted in that part of the Union; the balance must be transferred to some of the Atlantic States, where the public debt, the expenditures for the Navy, Army, and Civil list are to be paid. The exchange almost always is in favor of New Orleans: the difference of exchange is believed to be from 2 to 4, and sometimes 5 per cent., which is a saving to the United States—not a positive loss to the Bank; because it may, and probably does, save itself by the purchase of bills of exchange on Europe, which it can sell in the Atlantic States without loss; an operation which would be very difficult and expensive, (and perhaps dangerous, from bad agents,) for the Treasury to perform. The Bank is also obliged to perform the duties of Commissioners of Loans without out charge. The old Bank was not compelled to do those duties; and Commissioners of Loans were appointed by government. What were their duties? To pay the principal and interest of the public debt, and also to pay all the pensioners of the nation: for this latter service they were allowed a commission of 2 per cent. on the amount paid by each, and a similar commission is now paid to agents employed where there is no branch of the Bank. The document B. shows that the annual average amount for the last three years, paid by the Bank to pensioners without charge, is \$995,672, which, at 2 per cent., is a saving of \$19,813 44 per annum to the Treasury. Document C. shows the annual payments made to the Commissioners of Loans for salaries and contingencies, when the amount paid to pensioners was inconsiderable. If the Commissioners had continued to perform the ties, their salaries and contingencies must have amounted at the least to 40,000 dollars per annum; which is so much saved to the Treasury in consequence of the duties being performed gratis by the Bank. It is no small advantage that bad agencies are completely avoided by the present mode, and that it lessens the number of officers, and makes the accounts more clear, and easier to be understood.

The 20th section says: "That, in consideration of the exclusive privileges and benefits conferred upon the Bank, there shall be paid to the Treasury, out of the corporate funds of the Bank, the sum of 1,500,000 dollars, in three annual payments, commencing after the expiration of the second year." The benefits can be reduced to calculation: they are, it is believed, consi-

dered to be the profit derived to the Bank from the Treasury deposits. What is the pecuniary advantage?

That derived from the deposits of the Treasury on the annual average of - - - - - \$2,633,584

From which might fairly be deducted a half million on account of the money in transitu, which cannot be considered a deposite on which the Bank could operate.

The annual interest on 2,633,584 dollars, at 6 per cent., is - 158,015

For which the Bank has paid \$1,500,000 as a bonus,

which sum, divided into 17 years, (per document E,) amounts annually to - - - - - 88,235

Average annual interest thereon, from the time the instalments on account of the bonus were actually paid, until the expiration of the charter, amounts, (per same document,) to - - - - - 85,682

Duties of Commissioners of Loans, performed by the Bank gratis, would have cost, as already shown - - - - - 40,000

\$213,917

If this statement be correct, and it is believed to be, then the Bank, (in a pecuniary point of view,) has not been a gainer: the United States have, (it would appear) been *amply* paid for all the advantages derived from the deposits of their funds in the Bank and its branches.

The Committee ask leave to take a more extensive view of the subject, that it may be more fully understood by Senators who have not particularly turned their attention to the subject.

The Bank was chartered on the 10th of April, 1816; its capital thirty-five millions of dollars, of which the United States were to hold one-fifth, or seven millions, which \$7,000,000 was to be paid by a deposite of stock, paying an interest of only five per cent. The subscribers were bound to pay one-quarter of their subscription in specie, and the other three-quarters in specie, or in stock of the United States, bearing an interest of six per cent., when the government made its payment in stock only, and that bearing an interest of one per cent. per annum less than that paid in by individuals or corporations. The charter authorized the government to redeem the stock paid by individuals at par, at any time it thought proper, although such stock would not have been redeemable, until other such stocks should have become payable. The object of the subscribers in paying with stock, above par at the time, was, that bearing an interest, it would enable the Bank to make dividends until it could get into complete operation. The subscribers were completely and quickly deprived of that advantage; for the act of Congress, dated 3d March, 1817, immediately after the Bank had commenced business, authorized and directed the Commissioners of the Sinking Fund to redeem the public debt held by the Bank; and they did so; by which the Bank suffered an actual loss of \$251,641, estimated at the then value of such stock in the market. (*See document D.*)

The exclusive privilege given to the bank was highly important to that institution. Without the security given by the charter, "that no other bank should be established during its term," it is not probable that a sufficient number of subscribers could have been obtained. That provision was also useful to the nation: it prevented all application to Congress for other banks,

and effectually prevented it from granting other charters. The example furnished by the States, show how difficult it would have been to have resisted such applications.

What facilities does the bank give to the Treasury as compensation for the exclusive privilege? It collects all the Custom-house bonds: it receives and keeps safe the receipts for public lands, wherever it has a branch: it transfers the money of the nation from any one part of the Union to any other, where it may be required: it makes those transfers without any charge for a difference of exchange, which would be no little expense to the Treasury: it pays the public debt, by which it is subjected to large drains of specie, highly injurious to its other operations, inasmuch as those drains compel the bank to lessen its discounts. It is peculiarly so at the present time, when the principal of the public debt is paying off rapidly; nearly one-third thereof is owned by foreigners, who, finding it difficult to re-invest, do probably draw the specie for remittance in preference to remit in exchange at its present high rate. The bank also pays off almost all the pensioners, which is a saving, as already shown, of nearly 20,000 dollars per annum; and all those acts are performed by it free of any charge whatever to the Treasury. In addition, it is considered a safe deposite for the public funds, by which losses similar to those heretofore incurred by the deposite of the public money in State banks, to the amount of a million of dollars, is completely avoided.

It has not been deemed proper to include the deposites of 1817 and 1818, in the average; they were incidentally large, arising from a variety of causes, such as cannot happen again: one of them was, the bank had agreed with the Treasury to assume and account for the debts due by some of the State banks to the Treasury, which were immediately charged to the bank, and which could not be drawn immediately from those institutions without endangering them, and some of them have not yet repaid all that the bank had assumed to pay for them. But if those years had been included, the general result would still have shown that the bank had amply paid for the benefit derived from the Treasury deposites.

From the preceding view, and the Committee believe it to be correct, it has appeared to them, "that there is no necessity for legislating on the subject."

A.

TREASURER'S OFFICE, 29th March, 1828.

SIR: I have the honor, in compliance with your reference to this Office, of Mr. Smith's letter of the 28th instant, to state, that the annual average amount of public moneys in the Bank of the United States and its branches, during the years 1819 to 1827, inclusive, was \$2,633,584 04; that the average quarterly amounts, for each year, from 1817 to 1827, inclusive, were as follow:

For 1817,	-	-	\$10,153,589 53
1818,	-	-	5,246,475 82
1819,	-	-	742,766 14
1820,	-	-	1,130,936 08
1821,	-	-	199,427 88
1822,	-	-	1,510,352 21
1823,	-	-	5,415,252 34
1824,	-	-	3,762,335 47
1825,	-	-	3,642,546 06
1826,	-	-	3,546,913 12
1827,	-	-	3,751,726 94
Total for 11 years,	-	-	\$39,102,321 59
Average, per annum,	-	-	\$3,544,756 50

With reference to the report from this office of the 20th instant, permit me to observe, that the average annual amount of deposits for the years 1817 to 1827, therein exhibited, was predicated upon the quarterly average amounts, as stated above, by adding the whole together and dividing by 11, the number of years embraced in the period called for.

I have the honor to be,

Sir, with great respect,

Your obedient servant,

MICHAEL NOURSE, *Act. Treas.*

B.

TREASURY DEPARTMENT,

THIRD AUDITOR'S OFFICE, April 26th, 1828.

SIR: In pursuance of your reference to this office, of that part of the last paragraph of the letter of the Hon. S. Smith, Chairman of the Committee on Finance, of the Senate United States, which relates to it, I have ascertained the amount of pensions paid by the Bank of the United States, and its branches, for the last three years, as far as the accounts have been rendered, and where they have not been rendered, the amount has been averaged according to former payments, viz:

Amount paid in 1825,	-	-	-	\$1,057,160 35
Do 1826,	-	-	-	1,003,514 50
Do 1827,	-	-	-	926,343 70
Total,				\$2,987,018 65

The rate of commissions allowed for paying pensions, where any are allowed to agents or institutions, other than the Bank of the United States, and its branches, is two per cent. At this rate, the annual amount of commissions would be as follows, viz:

In 1825,	-	-	-	-	\$ 21,143 20
In 1826,	-	-	-	-	20,070 29
In 1827,	-	-	-	-	18,526 87

I have the honor to be,

With great respect,

Your obedient servant,

PETER HAGNER, *Auditor.*

The Hon. RICHARD RUSH, *Secretary of the Treasury.*

C.

STATEMENT of the amount annually paid to the Loan Officers of the United States, for salaries and contingencies, from the year 1790 to 1818, inclusive.

1790	-	-	\$ 373 63	1805	-	-	\$ 27,416 49
1791	-	-	13,285 03	1806	-	-	27,325 32
1792	-	-	32,396 74	1807	-	-	26,565 33
1793	-	-	46,580 24	1808	-	-	26,692 19
1794	-	-	36,110 72	1809	-	-	24,197 16
1795	-	-	23,195 25	1810	-	-	26,675 63
1796	-	-	32,455 96	1811	-	-	26,101 70
1797	-	-	26,530 41	1812	-	-	26,703 11
1798	-	-	23,209 72	1813	-	-	26,620 50
1799	-	-	26,567 38	1814	-	-	26,578 01
1800	-	-	27,197 40	1815	-	-	31,584 51
1801	-	-	26,129 51	1816	-	-	31,345 21
1802	-	-	26,914 64	1817	-	-	30,675 80
1803	-	-	26,999 95	1818	-	-	2,042 30
1804	-	-	26,552 16				
							<u>\$ 755,022 00</u>

TREASURY DEPARTMENT,

REGISTER'S OFFICE, *April 10, 1828.*

JOSEPH NOURSE, *Register.*

D.

STATEMENT exhibiting the amount of the several denominations of the public debt, purchased, at par, of the Bank of the United States, during the second quarter of the year 1817; showing, also, the periods at which the Stocks would have become redeemable, under the laws by which they were created; the value of the several stocks in the market, at the time of purchase; and the difference between that value and the amount received by the Bank.

Stocks.	Amount.	Periods at which the Stocks were redeemable, by the creating acts.	Market value, per New-York price current of 9 July, 1817.	Difference between the market value, and the amount received by the Bank.
Old 6 per cent.,	\$34,082 34	Annually, by payments of 8 per cent. on acc't of interest & principal,	par.	
Def'd do.,	73,834 61			
3 percent.,	1,464,593 94	At pleasure of Gov't,	65 per cent.	
6 do. of 1812,	1,727,435 61	1 January, 1825,	2 per ct. adv'c'd,	\$34,548 71
6 do. of Tr. note,	25,258 42	"	"	505 16
6 do. of 1813,	4,005,684 51	1 January, 1826,	2½ per cent.	90,127 90
6 do. of 1814,	2,815,134 33	1 January, 1827,	2½ per cent.,	63,340 52
6 do. of 1815,	2,524,752 37	1 January, 1828,	2½ per cent.,	63,118 80
Louis'na 6 p. c.	373,000 00	In 1818, 1819, & 1820,	par.	
	13,043,776 13			\$251,641 09

TREASURY DEPARTMENT,

REGISTER'S OFFICE, May 2, 1828.

JOSEPH NOURSE, Register.

E.

STATEMENT showing the annual amount that would have been paid to the Government, by the Bank of the United States, had the bonus of \$1,500,000 been divided into seventeen annual payments: exhibiting, also, the average annual amount of interest on the bonus, from the time the instalments were actually paid.

Had the bonus paid by the Bank, been divided and made in seventeen equal annual payments, the annual payment would have been - - - - - \$88,235 29

And the average annual interest, from the time the instalments on account of the bonus were actually paid, until the expiration of the charter, amounts to - - - - - 85,682 35

\$173,917 64

TREASURY DEPARTMENT,

REGISTER'S OFFICE, April 24, 1828.

JOSEPH NOURSE, Register,

The amount of the annual payment that would have been paid
 by the Government of the United States had the bonds
 of 1900 been funded at the same rate as the bonds of 1901
 was also the average annual amount of interest on the bonds from
 the time the payments were actually paid.

Had the bonds been by the light been funded and more in
 seventeen equal annual payments, the annual payment would
 have been

And the average annual interest from the time the instal-
 ments on principal of the bonds were actually paid, with the ex-
 ception of the interest amounting to

\$5,622.35

\$1,122,917.64

Treasurer Department,
 Register's Office, April 24, 1902.
 JOSEPH NOLAN, Receiver.